

# HOUSE BILL No. 1636

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 20-24.

**Synopsis:** Charter schools. Provides that a governing body of a school corporation and a nonprofit college or university must register with the state board of education (state board) before it may authorize an initial charter for a charter school after June 30, 2015. Makes changes to the definition of an "organizer". Requires the state board to provide a formal evaluation of the overall state of charter school outcomes in Indiana every five years. Provides that a charter school may give enrollment preference to children of the charter school's founders, governing body members, and charter school employees, as long as preference is not given to more than 10% of the charter school's total population. Provides that conversion charter schools are not subject to teacher contract and condition of employment requirements.

**Effective:** July 1, 2015.

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January 22, 2015, read first time and referred to Committee on Education.

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First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## HOUSE BILL No. 1636

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A BILL FOR AN ACT to amend the Indiana Code concerning education.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1       SECTION 1. IC 20-24-1-2.5, AS ADDED BY P.L.280-2013,  
2       SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JULY 1, 2015]: Sec. 2.5. "Authorizer" means, for a charter school, one  
4       (1) of the following:  
5               (1) **Subject to IC 20-24-2.2-1.2**, a governing body.  
6               (2) A state educational institution that offers a four (4) year  
7               baccalaureate degree.  
8               (3) The executive (as defined in IC 36-1-2-5) of a consolidated  
9               city.  
10              (4) The charter board.  
11              (5) **Subject to IC 20-24-2.2-1.2**, a governing board of a  
12              nonprofit college or university that provides a four (4) year  
13              educational program for which it awards a baccalaureate or more  
14              advanced degree, including the following:  
15                      Anderson University



1 Bethel College  
 2 Butler University  
 3 Calumet College of St. Joseph  
 4 DePauw University  
 5 Earlham College  
 6 Franklin College  
 7 Goshen College  
 8 Grace College  
 9 Hanover College  
 10 Holy Cross College  
 11 Huntington University  
 12 Indiana Tech  
 13 Indiana Wesleyan University  
 14 Manchester College  
 15 Marian University  
 16 Martin University  
 17 Oakland City University  
 18 Rose-Hulman Institute of Technology  
 19 Saint Joseph's College  
 20 Saint Mary-of-the-Woods College  
 21 Saint Mary's College  
 22 Taylor University  
 23 Trine University  
 24 University of Evansville  
 25 University of Indianapolis  
 26 University of Notre Dame  
 27 University of Saint Francis  
 28 Valparaiso University  
 29 Wabash College.

30 SECTION 2. IC 20-24-1-7, AS ADDED BY P.L.1-2005, SECTION  
 31 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 32 2015]: Sec. 7. "Organizer" means a group or an entity that:

33 (1) has been determined by the Internal Revenue Service to be  
 34 operating under nonprofit status or has applied for such  
 35 determination; **and**

36 (2) enters into a contract under this article to operate a charter  
 37 school; **and**

38 **(3) is an independent board of a charter school that is a party**  
 39 **to the charter contract with the authorizer, whose members**  
 40 **have been elected or selected under the school's application.**

41 SECTION 3. IC 20-24-2.2-1.2 IS ADDED TO THE INDIANA  
 42 CODE AS A NEW SECTION TO READ AS FOLLOWS



[EFFECTIVE JULY 1, 2015]: Sec. 1.2. (a) This section:

(1) applies to an authorizer described in IC 20-24-1-2.5(1) and IC 20-24-1-2.5(5) if the authorizer plans to grant an initial charter to a charter school after June 30, 2015; and

(2) does not apply to charters granted by an authorizer described in IC 20-24-1-2.5(1) and IC 20-24-1-2.5(5) before July 1, 2015.

(b) A governing body of a school corporation may register with the state board for charter authority within the attendance area of the school corporation.

(c) A governing board of a nonprofit college or university described in IC 20-24-1-2.5(5) may apply to the state board for statewide, regional, or local chartering authority.

(d) The state board shall publicize to all governing bodies the opportunity to register with the state board for chartering authority within their school corporation. Not later than May 1 of each year, the state board shall provide information about the opportunity, including a registration deadline, to all governing bodies. To register as an authorizer, each interested governing body must submit the following information in a format prescribed by the state board:

(1) A written notification of intent to serve as a charter authorizer in accordance with this article.

(2) An explanation of the governing body's strategic vision for chartering.

(3) An explanation of the governing body's budget and personnel capacity and commitment to execute the duties of quality charter authorizing in accordance with this article.

(4) An explanation of how the governing body will solicit charter school applicants in accordance with IC 20-24-3.

(5) A description or outline of the performance framework the governing body will use to guide the establishment of a charter contract and for the oversight and evaluation of charter schools, consistent with this article.

(6) A draft of the governing body's renewal, revocation, and nonrenewal processes, consistent with this article.

(7) A statement of assurance that the governing body commits to serving as a charter authorizer in fulfillment of the expectations, spirit, and intent of this article, and that the governing body will fully adopt standards of quality charter school authorizing in accordance with section 1.5 of this chapter.



(e) Within sixty (60) days of receipt of the information described in subsection (d), the state board shall register the governing body as a charter authorizer within the attendance area of the school corporation and shall provide the governing body a letter confirming the governing body's registration as a charter authorizer. A governing body may not engage in any charter authorizing functions without a current registration as a charter authorizer with the state board.

(f) The state board shall establish an annual application and approval process, including cycles and deadlines during the state fiscal year, for registering an entity described in IC 20-24-1-2.5(5) for authorizer authority. Not later than May 1 of each year, the state board shall make available information and guidelines for an applicant described in IC 20-24-1-2.5(5) concerning the opportunity to apply for chartering authority under this article. The application process must require each applicant to submit an application that clearly explains or presents the following elements:

(1) A written notification of intent to serve as a charter authorizer in accordance with this article.

(2) The applicant's strategic vision for chartering.

(3) A plan to support the applicant's strategic vision described in subdivision (2), including an explanation and evidence of the applicant's budget and personnel capacity and commitment to execute the duties of quality charter authorizing in accordance with this article.

(4) A draft or preliminary outline of the request for proposals that the applicant would, if approved by the state board under this section, issue to solicit charter school applicants under IC 20-24-3.

(5) A draft of the performance framework that the applicant would, if approved by the state board under this section, use to guide the establishment of a charter contract and for ongoing oversight and evaluation of charter schools consistent with this article.

(6) A draft of the applicant's renewal, revocation, and nonrenewal processes.

(7) A statement of assurance that the applicant commits to serving as a charter authorizer in fulfillment of the expectations, spirit, and intent of this article, and that the applicant will fully adopt standards of quality charter school authorizing in accordance with section 1.5 of this chapter.

(g) Not later than July 1 of each year, the state board shall grant



1 or deny chartering authority to an applicant under subsection (f).  
 2 The state board shall make its decision on the merits of each  
 3 applicant's proposal and plans submitted under subsection (f).

4 (h) Within thirty (30) days of the state board's decision under  
 5 subsection (g), the state board shall execute a renewable  
 6 authorizing contract with an applicant that the state board has  
 7 approved for chartering authority. The initial term of each  
 8 authorizing contract is six (6) years. The authorizing contract must  
 9 specify each approved applicant's agreement to serve as a charter  
 10 authorized in accordance with this article and shall specify  
 11 additional performance terms based on the applicant's proposal  
 12 and plan for chartering. An approved applicant may not  
 13 commence charter authorizing without an authorizing contract in  
 14 effect.

15 SECTION 4. IC 20-24-2.2-1.5, AS ADDED BY P.L.280-2013,  
 16 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17 JULY 1, 2015]: Sec. 1.5. All ~~approved~~ authorizers shall adopt  
 18 standards of quality charter school authorizing, as defined by a  
 19 nationally recognized organization with expertise in charter school  
 20 authorizing.

21 SECTION 5. IC 20-24-2.2-8 IS ADDED TO THE INDIANA CODE  
 22 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 23 1, 2015]: **Sec. 8. Beginning in 2016, the state board shall provide a  
 24 formal evaluation of the overall state of charter school outcomes in  
 25 Indiana every five (5) years. The evaluation shall be posted on the  
 26 state board's Internet web site.**

27 SECTION 6. IC 20-24-3-4, AS AMENDED BY P.L.280-2013,  
 28 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 29 JULY 1, 2015]: Sec. 4. (a) An organizer may submit to the authorizer  
 30 a proposal to establish a charter school.

31 (b) A proposal must contain at least the following information:

- 32 (1) Identification of the organizer.
- 33 (2) A description of the organizer's organizational structure and  
 34 governance plan.
- 35 (3) The following information for the proposed charter school:
  - 36 (A) Name.
  - 37 (B) Purposes.
  - 38 (C) Governance structure.
  - 39 (D) Management structure.
  - 40 (E) Educational mission goals.
  - 41 (F) Curriculum and instructional methods.
  - 42 (G) Methods of pupil assessment.



- 1 (H) Admission policy and criteria, subject to IC 20-24-5.
- 2 (I) School calendar.
- 3 (J) Age or grade range of students to be enrolled.
- 4 (K) A description of staff responsibilities.
- 5 (L) A description of the physical plant.
- 6 (M) Budget and financial plans.
- 7 (N) Personnel plan, including methods for selection, retention,
- 8 and compensation of employees.
- 9 (O) Transportation plan.
- 10 (P) Discipline program.
- 11 (Q) Plan for compliance with any applicable desegregation
- 12 order.
- 13 (R) The date when the charter school is expected to:
- 14 (i) begin school operations; and
- 15 (ii) have students attending the charter school.
- 16 (S) The arrangement for providing teachers and other staff
- 17 with health insurance, retirement benefits, liability insurance,
- 18 and other benefits.
- 19 (T) Any other applications submitted to an authorizer in the
- 20 previous five (5) years.
- 21 (4) The manner in which the authorizer must conduct an annual
- 22 audit of the program operations of the charter school.
- 23 **(c) This subsection applies to a virtual charter school. In**
- 24 **addition to the requirements described in subsection (b), a request**
- 25 **for proposals must require an applicant to describe the proposed**
- 26 **school's system of course credits and how the virtual charter school**
- 27 **will:**
- 28 **(1) monitor and verify full-time student enrollment, student**
- 29 **participation in a full course load, credit accrual, and course**
- 30 **completions;**
- 31 **(2) monitor and verify student progress and performance in**
- 32 **each course through regular, proctored assessments and**
- 33 **submissions of course work;**
- 34 **(3) conduct parent/teacher conferences; and**
- 35 **(4) administer state required assessments to all students in a**
- 36 **proctored setting.**
- 37 **(d) In the case of a charter school proposal from an applicant**
- 38 **that currently operates one (1) or more charter schools in any state**
- 39 **or nation, the request for proposals shall additionally require the**
- 40 **applicant to provide evidence of past performance and current**
- 41 **capacity for growth.**
- 42 **(e) This section does not waive, limit, or modify the provisions**



of:

- (1) IC 20-29 in a charter school where the teachers have chosen to organize under IC 20-29; or
- (2) an existing collective bargaining agreement for noncertificated employees (as defined in IC 20-29-2-11).

SECTION 7. IC 20-24-3-4.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 4.5. In reviewing and evaluating charter applications, an authorizer shall employ procedures, practices, and criteria consistent with nationally recognized principles and standards for quality charter authorizing. The application review process must include thorough evaluation of each written charter application and an in-person interview with the applicant group.**

SECTION 8. IC 20-24-3-5.5, AS AMENDED BY P.L.280-2013, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5.5. (a) This section applies to an authorizer that is not the executive of a consolidated city.

(b) Before issuing a charter, the authorizer must conduct a public hearing concerning the establishment of the proposed charter school. **The public hearing must be held within either the county or the school corporation where the proposed charter school would be located.** At the public hearing, the governing body of the school corporation in which the proposed charter school will be located must be given an opportunity to comment on the effect of the proposed charter school on the school corporation, including any foreseen negative impacts on the school corporation.

SECTION 9. IC 20-24-5-5, AS AMENDED BY P.L.35-2014, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5. (a) Except as provided in subsections (b), (c), **and (d), and (e),** a charter school must enroll any eligible student who submits a timely application for enrollment.

(b) This subsection applies if the number of applications for a program, class, grade level, or building exceeds the capacity of the program, class, grade level, or building. If a charter school receives a greater number of applications than there are spaces for students, each timely applicant must be given an equal chance of admission. The organizer must determine which of the applicants will be admitted to the charter school or the program, class, grade level, or building by random drawing in a public meeting.

(c) A charter school may limit new admissions to the charter school to:

- (1) ensure that a student who attends the charter school during a





1 school year may continue to attend the charter school in  
 2 subsequent years;

3 (2) ensure that a student who attends a charter school during a  
 4 school year may continue to attend a different charter school held  
 5 by the same organizer in subsequent years; and

6 (3) allow the siblings of a student who attends a charter school or  
 7 a charter school held by the same organizer to attend the same  
 8 charter school the student is attending.

9 (d) This subsection applies to an existing school that converts to a  
 10 charter school under IC 20-24-11. During the school year in which the  
 11 existing school converts to a charter school, the charter school may  
 12 limit admission to:

13 (1) those students who were enrolled in the charter school on the  
 14 date of the conversion; and

15 (2) siblings of students described in subdivision (1).

16 **(e) A charter school may give enrollment preference to children**  
 17 **of the charter school's founders, governing body members, and**  
 18 **charter school employees, as long as the enrollment preference**  
 19 **under this subsection is not given to more than ten percent (10%)**  
 20 **of the charter school's total population.**

21 SECTION 10. IC 20-24-7-4, AS AMENDED BY P.L.47-2014,  
 22 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 23 JULY 1, 2015]: Sec. 4. (a) Services that a school corporation provides  
 24 to a charter school, including transportation, may be provided at not  
 25 more than one hundred three percent (103%) of the actual cost of the  
 26 services.

27 (b) This subsection applies to an authorizer that is a state  
 28 educational institution described in IC 20-24-1-2.5(2). Except as  
 29 provided in subsection (f), in a state fiscal year, a state educational  
 30 institution may receive from the organizer of a charter school  
 31 authorized by the state educational institution an administrative fee  
 32 equal to not more than three percent (3%) of the total amount the  
 33 organizer receives during the state fiscal year from basic tuition support  
 34 (as defined in IC 20-43-1-8).

35 (c) This subsection applies to the executive of a consolidated city  
 36 that authorizes a charter school. Except as provided in subsection (f),  
 37 in a state fiscal year, the executive may collect from the organizer of a  
 38 charter school authorized by the executive an administrative fee equal  
 39 to not more than three percent (3%) of the total amount the organizer  
 40 receives during the state fiscal year for basic tuition support.

41 (d) This subsection applies to an authorizer that is a nonprofit  
 42 college or university that is approved by the state board of education.



1 Except as provided in **IC 20-24-2.2-1.5** and subsection (f), in a state  
 2 fiscal year, a private college or university may collect from the  
 3 organizer of a charter school authorized by the private college or  
 4 university an administrative fee equal to not more than three percent  
 5 (3%) of the total amount the organizer receives during the state fiscal  
 6 year for basic tuition support.

7 (e) This subsection applies to the charter board. Except as provided  
 8 in subsection (f), in a state fiscal year, the charter school board may  
 9 collect from the organizer of a charter school authorized by the charter  
 10 board an administrative fee equal to not more than three percent (3%)  
 11 of the total amount the organizer receives during the state fiscal year  
 12 for basic tuition support.

13 (f) This subsection applies to an adult high school. An authorizer  
 14 described in subsections (b) through (e) may collect an administrative  
 15 fee equal to not more than three percent (3%) of the total state  
 16 appropriation to the adult high school for a state fiscal year under  
 17 section 13.5 of this chapter.

18 (g) An authorizer's administrative fee may not include any costs  
 19 incurred in delivering services that a charter school may purchase at its  
 20 discretion from the authorizer. The authorizer shall use its funding  
 21 provided under this section exclusively for the purpose of fulfilling  
 22 authorizing obligations.

23 (h) Except for oversight services, a charter school may not be  
 24 required to purchase services from its authorizer as a condition of  
 25 charter approval or of executing a charter contract, nor may any such  
 26 condition be implied.

27 (i) A charter school may choose to purchase services from its  
 28 authorizer. In that event, the charter school and authorizer shall execute  
 29 an annual service contract, separate from the charter contract, stating  
 30 the parties' mutual agreement concerning the services to be provided  
 31 by the authorizer and any service fees to be charged to the charter  
 32 school. An authorizer may not charge more than market rates for  
 33 services provided to a charter school.

34 (j) Not later than ninety (90) days after the end of each fiscal year,  
 35 each authorizer shall provide to each charter school it authorizes an  
 36 itemized accounting of the actual costs of services purchased by the  
 37 charter school from the authorizer. Any difference between the amount  
 38 initially charged to the charter school and the actual cost shall be  
 39 reconciled and paid to the owed party. If either party disputes the  
 40 itemized accounting, any charges included in the accounting, or  
 41 charges to either party, either party may request a review by the  
 42 department. The requesting party shall pay the costs of the review.



SECTION 11. IC 20-24-8-5, AS AMENDED BY P.L.160-2012, SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5. The following statutes and rules and guidelines adopted under the following statutes apply to a charter school:

- (1) IC 5-11-1-9 (required audits by the state board of accounts).
- (2) IC 20-39-1-1 (unified accounting system).
- (3) IC 20-35 (special education).
- (4) IC 20-26-5-10 (criminal history).
- (5) IC 20-26-5-6 (subject to laws requiring regulation by state agencies).
- (6) IC 20-28-10-12 (nondiscrimination for teacher marital status).
- (7) IC 20-28-10-14 (teacher freedom of association).
- (8) IC 20-28-10-17 (school counselor immunity).
- ~~(9) For conversion charter schools only, IC 20-28-6, IC 20-28-7.5, IC 20-28-8, IC 20-28-9, and IC 20-28-10.~~
- ~~(+0)~~ **(9)** IC 20-33-2 (compulsory school attendance).
- ~~(+1)~~ **(10)** IC 20-33-3 (limitations on employment of children).
- ~~(+2)~~ **(11)** IC 20-33-8-19, IC 20-33-8-21, and IC 20-33-8-22 (student due process and judicial review).
- ~~(+3)~~ **(12)** IC 20-33-8-16 (firearms and deadly weapons).
- ~~(+4)~~ **(13)** IC 20-34-3 (health and safety measures).
- ~~(+5)~~ **(14)** IC 20-33-9 (reporting of student violations of law).
- ~~(+6)~~ **(15)** IC 20-30-3-2 and IC 20-30-3-4 (patriotic commemorative observances).
- ~~(+7)~~ **(16)** IC 20-31-3, IC 20-32-4, IC 20-32-5, IC 20-32-8, and IC 20-32-8.5, as provided in IC 20-32-8.5-2(b) (academic standards, accreditation, assessment, and remediation).
- ~~(+8)~~ **(17)** IC 20-33-7 (parental access to education records).
- ~~(+9)~~ **(18)** IC 20-31 (accountability for school performance and improvement).
- ~~(+0)~~ **(19)** IC 20-30-5-19 (personal financial responsibility instruction).

